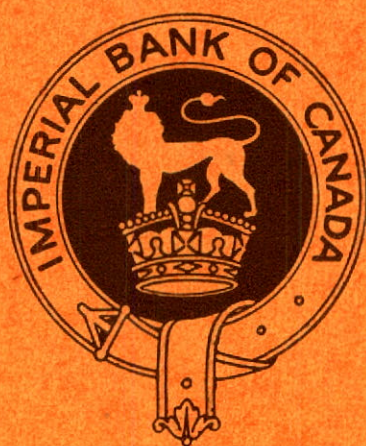




IMPERIAL BANK OF CANADA

SIXTY-SIXTH
ANNUAL REPORT
PRESENTED TO THE
SHAREHOLDERS
NOVEMBER 27th
1940

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MCGILL UNIVERSITY

Imperial Bank of Canada

Head Office: Toronto

Established 1875

CAPITAL AUTHORIZED . \$10,000,000.00

CAPITAL PAID UP . . . 7,000,000.00

RESERVE FUND . . . 8,000,000.00

Sixty-Sixth Annual Report
1940



Imperial Bank of Canada

ESTABLISHED 1875

CAPITAL (AUTHORIZED) - - - - -	\$10,000,000.00
CAPITAL (PAID UP) - - - - -	7,000,000.00
RESERVE FUND - - - - -	8,000,000.00

DIRECTORS

FRANK A. ROLPH, CHAIRMAN OF THE BOARD

A. E. PHIPPS, PRESIDENT

COL. J. F. MICHIE, Vice-President	R. S. WALDIE, Vice-President		
G. C. HEINTZMAN	J. W. HOBBS	WALTER C. LAIDLAW	JOHN A. NORTHWAY
G. H. AIKINS, K.C. (Winnipeg)	H. E. SELLERS (Winnipeg)		
R. O. McCULLOCH (Galt)	W. B. WOODS	ARTHUR L. BISHOP	
E. E. BUCKERFIELD (Vancouver)	C. G. COCKSHUTT (Brantford)		

HEAD OFFICE, TORONTO

H. T. JAFFRAY, GENERAL MANAGER

W. G. MORE, ASSISTANT GENERAL MANAGER

G. D. RITCHIE, ASSISTANT GENERAL MANAGER

W. BOURKE, SUPERINTENDENT OF WESTERN BRANCHES (Winnipeg)

P. H. JONES, SUPERINTENDENT OF EASTERN BRANCHES (Toronto)

H. D. SCOTT, SUPERINTENDENT OF FOREIGN BUSINESS

L. S. MACKERSY, ASST. SUPT. OF WESTERN BRANCHES (Winnipeg)

JOHN HADDEN, SECRETARY

H. F. RICE, MANAGER BOND DEPARTMENT

SUPERVISORS' DEPARTMENT

I. K. JOHNSTON, GENERAL SUPERVISOR

Supervisors

H. C. HOUSTON

B. E. HOWARD

A. YOUNG

R. M. VIRTUE (Winnipeg)

INSPECTORS' DEPARTMENT

A. L. OGDEN, CHIEF INSPECTOR

Inspectors

A. C. ROME

H. RILEY

P. W. PAIN

C. G. ROYDS

J. R. BUNN

M. E. A. MARSHALL (Acting)

BRANCHES

PROVINCE OF ONTARIO

TORONTO—

KING & BAY STS.

(HEAD OFFICE)

ADELAIDE & VICTORIA STS.

BATHURST & DUPONT STS.

BAY & TEMPERANCE STS.

BAYVIEW AVE., LEASIDE

BLOOR & BATHURST STS.

BLOOR & DURIE STS.

BLOOR ST. & LANSLOWNE AVE.

No. 78 CHURCH ST.

CHURCH & CARLTON STS.

DANFORTH & CARLAW AVES.

DUNDAS & BLOOR STS.

DUNDAS & JARVIS STS.

DUNDAS ST. & UNIVERSITY AVE.

DUNDAS & VICTORIA STS.

EGGLINTON AVE. & MOUNT PLEASANT

ROAD

EXHIBITION CAMP.

KING & MARKET STS.

A. R. MARTIN

J. S. PROCTOR

R. J. REDRUPP

C. G. GREEN

M. J. GOULD

E. J. CASE

G. WELFORD

K. G. MIGHT

J. S. CARTER

R. R. BROWN

W. H. GREEN

F. TURNER

D. N. WRIGHT

S. S. JONES

A. T. SMITH

J. W. THOMSON

A. H. WEAVER

B. B. VALE

D. N. JOHNSTON

J. F. MACKAY

Manager

Assistant

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TORONTO—(Cont.)

KING & SHERBOURNE STS.	H. E. BEMROSE	Manager
KING ST. & SPADINA AVE.	G. R. MURTON	
KING & YORK STS.	E. H. ANDERSON	
KINGSTON ROAD & BALSAM AVE.	J. B. ATKINS	
LEASIDE	H. G. WATERS	
MONARCH PARK & DANFORTH AVES.	H. T. BEATY	
NEW TORONTO	P. E. THOMLINSON	
OAKWOOD AVE. & ROGERS RD.	T. M. SUTTON	
PAPE & SAMMON AVES.	F. W. CUMMINS	
QUEEN & BATHURST STS.	J. M. HOUSTON	
QUEEN ST. & CARLAW AVE.	H. A. CROSS	
QUEEN ST. & KINGSTON RD.	H. S. HADGRAFT	
QUEEN ST. & RONCESVALLES AVE.	M. R. HAY	
RUNNYMEDE & ANNETTE STS.	J. ANDERSON	
ST. CLAIR & BOON AVES.	W. W. FIELD	
ST. CLAIR AVE. & RUNNYMEDE RD.	W. J. ARNOLD	
SILVERTHORN AVE. & ROGERS RD.	W. M. RENWICK	
WELLESLEY & SHERBOURNE STS.	H. G. SCOTT	
WELLINGTON ST. & LEADER LANE	E. N. BATE	
WEST TORONTO	W. E. CUSLER	
WOODBINE & SAMMON AVES.	A. D. LEWIS	
431 YONGE ST.	G. S. THOMPSON	
1953 YONGE ST.	A. H. WILSON	
YONGE & BLOOR STS.	J. B. PRIESTMAN	
YONGE & QUEEN STS.	P. B. REEVE	
AMHERSTBURG	W. A. PATTERSON	
AURORA	H. M. MCKENZIE	
BEARDMORE	W. R. CUMMING	
BOLTON	W. A. GREENWOOD	
BRANTFORD	D. SUTHERLAND	
CALEDON EAST	(Sub Branch to Bolton)	
CENTRAL PATRICIA	(Sub Branch to Sioux Lookout)	
CHATHAM	N. B. CUMMINS	
COBALT	E. T. CUTTLE	
COCHRANE	L. R. ANDERSON	
COTTAM	A. E. MacGIRR	
CRYSTAL BEACH	(Sub Branch to Ridgeway)	
DELHI	A. S. WAGNER	
ENGLEHART	R. E. TRACY	
ESSEX	A. L. SONLEY	
FERGUS	F. T. KYLE	
FONTHILL	G. L. GORDON	
FORT WILLIAM	W. M. PORTER	
GALT	T. R. RICHARDSON	
HAMILTON	W. H. COGHILL	
HARROW	W. J. GOLDEN	
HEARST	G. MENUZ	
HUDSON	J. S. HARRISON	
HUMBERSTONE	F. R. WILSON	
INGERSOLL	T. R. JONES	
JORDAN	(Sub Branch to Vineland)	
JORDAN STATION	(Sub Branch to Vineland)	
KAPUSKASING	C. A. KEHOE	
KENORA	A. M. OWEN	
KIRKLAND LAKE	C. L. GRISDALE	
KITCHENER	O. L. METLER	Acting
LANGTON	M. O. HURST	
LARDER LAKE	A. I. MCINTYRE	
LISTOWEL	L. T. CHARLTON	
LONDON	H. ROBERTS	
MATACHEWAN	N. M. PLANT	
MATHESON	J. BRAWLEY	
MCKENZIE ISLAND	(Sub Branch to Red Lake)	
NASHVILLE	(Sub Branch to Bolton)	
NEW LISKEARD	J. S. INK	
NEWMARKET	F. H. HEWSON	
NIAGARA FALLS	JOHN THOMSON	
QUEEN ST.	D. HUGHES	
SOUTH	J. H. ARKELL	
VICTORIA AVE.	J. A. GROSKURTH	
NIAGARA-ON-THE-LAKE	R. H. MONTGOMERY	
NOBLETON	(Sub Branch to Schomberg)	
NORTH BAY	M. G. COBURN	
OTTAWA	J. WALKER	
PALGRAVE	(Sub Branch to Bolton)	
PICKLE CROW	(Sub Branch to Sioux Lookout)	
PORT ARTHUR	J. W. WILLIS	
PORT COLBORNE	W. R. RODGER	

PRESTON	R. E. V. BALDWIN	Acting Manager
RED LAKE	H. B. HENDERSON	"
RICHARDS LANDING	J. T. BEWS	"
RIDGEWAY	C. A. HAMILTON	"
ST. CATHARINES	E. J. BAKER	"
" EAST END	F. B. THOMSON	"
" MARKET	A. F. ROBERTSON	"
ST. DAVIDS	A. T. MINNIS	"
ST. THOMAS, EAST END	J. R. HENLEY	"
" WEST END	M. A. RICHARDSON	"
SANDWICH	E. B. REYNOLDS	"
SAULT STE. MARIE	J. D. PATTERSON	"
" CORE & QUEEN STS.	R. B. WANSBROUGH	"
SCHOMBERG	E. SMITH	"
SIOUX LOOKOUT	A. FREESON	"
SOUTH PORCUPINE	F. E. COOPER	"
STAMFORD	C. W. GRIME	"
SUDBURY	W. G. CHAMBERS	"
THESSALON	W. McGUIRE	"
THOROLD	H. M. SAMPSON	"
TIMAGAMI	W. CALVERT	"
TIMMINS	H. C. SCARTH	"
VINELAND	E. H. COLEMAN	"
VIRGINIA TOWN	A. E. BUTLER	"
WALKERVILLE	W. T. CARTHEW	"
" TECUMSEH BLVD	H. J. ARBUCKLE	"
WELLAND	F. C. TROTT	"
WINDSOR	R. CARSON	"
WOODSTOCK	L. R. LLOYD	"

PROVINCE OF QUEBEC

BOURLAMAQUE	K. N. ALLAN	Manager
MONTREAL	A. R. B. HEARN	"
"	E. J. FRIESEN	Assistant
NORANDA	G. C. DUNLOP	"

PROVINCE OF MANITOBA

BRANDON	J. BURGOYNE	Manager
GIMLI	(Sub Branch to Riverton)	"
PORTAGE LA PRAIRIE	W. P. GRAHAM	"
RIVERTON	L. E. MAYNE	"
WINNIPEG	A. D. DUNCAN	"
"	H. W. THOMSON	Assistant
" ARLINGTON ST. & WESTMIN.	"	"
" STER AVE.	C. E. BROWN	"
" NORTH END	T. J. SLATTERY	"
" ST. VITAL	R. S. McCLAY	"

PROVINCE OF SASKATCHEWAN

ASSINIBOIA	J. E. JOHNSON	Manager
BALGONIE	R. D. FORRESTER	"
BENGOUGH	C. D. HARDY	"
BRACKEN	E. KRISTENSEN	Acting
BROADVIEW	R. MAVOR	"
CANWOOD	W. D. TALMEY	"
CODERRE	O. L. KIMBALL	"
FORT QU'APPELLE	H. WILLSON	"
HAGUE	L. F. FLURY	"
HEPBURN	J. B. SCHMOR	"
LAIRD	E. L. MEERES	"
MAYMONT	H. B. McLEISH	"
MEADOW LAKE	J. H. NELSON	"
MIDALE	R. L. WASSON	"
MOOSE JAW	A. S. ROSENROLL	"
MOSSBANK	J. GARRISON	"
PANGMAN	M. J. MONGEON	"
PIAPOT	R. G. HICKS	"
PRINCE ALBERT	J. W. McDIARMID	"
REGINA	F. W. SCRIMES	"
ROCKGLEN	L. J. BERGMAN	"
ROSTERN	P. C. F. ROUTLEDGE	"
SASKATOON	J. A. G. CLOKIE	"
SPRINGWATER	A. J. RICHES	"
STOUGHTON	H. I. SHAW	"
WEYBURN	G. W. STERLING	"
WILKIE	D. C. HOWELL	"
YELLOW GRASS	E. G. BROWELL	"

PROVINCE OF ALBERTA

ATHABASCA.....	J. G. DEACON.....	Manager
BANFF.....	W. V. GODDARD.....	"
CALGARY.....	W. L. GILLILAND.....	"
" EAST END.....	J. S. W. CLOWES.....	"
DONALDA.....	MARK COOK.....	"
ECKVILLE.....	H. S. MANN.....	"
EDMONTON.....	J. A. WETMORE.....	"
" NORWOOD BOULEVARD.....	D. N. GRUBB.....	Assistant
" SOUTH.....	L. L. MASON.....	"
" WEST.....	J. M. KINNEAR.....	"
EDSON.....	H. W. HARRISON.....	"
FERINTOSH.....	L. B. GRABAN.....	"
GRANDE PRAIRIE.....	J. MacGREGOR.....	"
JASPER.....	C. C. FAWCETT.....	"
MILLET.....	A. McKENZIE.....	"
NEW NORWAY.....	J. A. ENGLISH.....	"
RED DEER.....	J. C. MOSS.....	"
ROCKY MOUNTAIN HOUSE.....	J. BALLANTYNE.....	"
SANGUDO.....	S. G. HOOKER.....	"
SYLVAN LAKE.....	C. T. WALKER.....	"
WETASKIWIN.....	J. H. CLARK.....	"
	J. MacGREGOR.....	Acting

PROVINCE OF BRITISH COLUMBIA

CRANBROOK.....	J. D. MCGILLIVRAY.....	Manager
FERNIE.....	G. B. TURNER.....	"
GOLDEN.....	F. P. THOMAS.....	"
INVERMERE.....	A. ASHWORTH.....	"
NATAL.....	W. E. GODFREY.....	"
NELSON.....	W. R. GRUBBE.....	"
REVELSTOKE.....	W. K. WICKENS.....	"
VANCOUVER.....	W. M. SELLENS.....	"
" FAIRVIEW.....	P. R. NEELY.....	Assistant
" HASTINGS & ABBOTT STS..	K. ANDERSON.....	"
" WEST.....	C. G. T. HARCOURT.....	"
VICTORIA.....	A. W. PERRY.....	"
	J. H. D. BENSON.....	"

Imperial Bank of Canada

Principal Agents and Correspondents

EUROPE

GREAT BRITAIN AND IRELAND.....	{	LLOYDS BANK LIMITED
	{	British Overseas Bank Limited
	{	District Bank Limited
	{	Commercial Bank of Scotland Limited
	{	Munster & Leinster Bank Limited
	{	Northern Bank Limited
PORTUGAL.....		Bank of London & South America Limited
SPAIN.....	{	Bank of London & South America Limited
	{	International Banking Corporation
SWEDEN.....		Skandinaviska Banken Aktiebolag
SWITZERLAND.....	{	Lloyds & National Provincial Foreign Bank Limited
	{	Swiss Bank Corporation

ASIA

CHINA.....	{	Bank of China
	{	American Express Company Inc.
	{	Hongkong & Shanghai Banking Corporation
	{	Chase Bank
	{	National City Bank of New York
INDIA AND CEYLON.	{	Lloyds Bank Limited
	{	Hongkong & Shanghai Banking Corporation
	{	Chartered Bank of India, Australia & China
	{	Imperial Bank of India
	{	National Bank of India, Limited
JAPAN.....	{	Hongkong & Shanghai Banking Corporation
	{	Yokohama Specie Bank Limited
	{	Chartered Bank of India, Australia & China
PALESTINE.....		Barclays Bank (Dominion, Colonial & Overseas)
PHILIPPINE ISLANDS.....	{	Bank of the Philippine Islands
	{	Hongkong & Shanghai Banking Corporation
STRAITS SETTLEMENTS...	{	Hongkong & Shanghai Banking Corporation
	{	Chartered Bank of India, Australia & China

AFRICA

ALGERIA.....	Credit Lyonnais
BRITISH EAST AFRICA.....	{ Standard Bank of South Africa Limited Barclays Bank (Dominion, Colonial & Overseas)
BRITISH WEST AFRICA.....	{ Bank of British West Africa Limited
EGYPT.....	{ Barclays Bank (Dominion, Colonial & Overseas) Credit Lyonnais
PORTUGUESE EAST AFRICA.....	{ Standard Bank of South Africa Limited Barclays Bank (Dominion, Colonial & Overseas)
RHODESIA.....	Standard Bank of South Africa Limited
SOUTH AFRICA.....	{ Standard Bank of South Africa Limited Barclays Bank (Dominion, Colonial & Overseas)
SOUTH WEST AFRICA.....	{ Standard Bank of South Africa Limited Barclays Bank (Dominion, Colonial & Overseas)

AMERICA

UNITED STATES....	NEW YORK—BANK OF THE MANHATTAN COMPANY Chase National Bank Guaranty Trust Company of New York Irving Trust Company National City Bank of New York
	BOSTON—First National Bank of Boston National Shawmut Bank of Boston
	BUFFALO—Marine Trust Company of Buffalo
	CHICAGO—Continental Illinois National Bank & Trust Company First National Bank of Chicago
	CLEVELAND—National City Bank of Cleveland
	DETROIT—Manufacturers National Bank of Detroit National Bank of Detroit
	DULUTH—First & American National Bank
	LOS ANGELES—Citizens National Trust & Savings Bank Bank of America N. T. & S. A.
	MINNEAPOLIS—First National Bank & Trust Company
	NIAGARA FALLS, N. Y.—Power City Trust Company

UNITED STATES—(Contd.)

PHILADELPHIA—Philadelphia National Bank
First National Bank

PORTLAND, ORE.—United States National Bank

ROCHESTER, N.Y.—Lincoln-Alliance Bank & Trust
Company

SAN FRANCISCO—Wells Fargo Bank & Union Trust
Company

SEATTLE—Seattle-First National Bank

SPOKANE—Seattle-First National Bank

MEXICO..... Banco Nacional de Mexico

BERMUDA..... { Bank of N. T. Butterfield & Son Limited
Bank of Bermuda Limited

WEST INDIES..... Barclays Bank (Dominion, Colonial & Overseas)

CENTRAL { Bank of London & South America Limited
AMERICA..... { National City Bank of New York

CUBA..... { First National Bank of Boston
National City Bank of New York

SOUTH AMERICA... { Bank of London & South America Limited
First National Bank of Boston

AUSTRALASIA

AUSTRALIA AND { Bank of New South Wales
NEW ZEALAND... { Commercial Bank of Australia Limited
Bank of Adelaide
Bank of Australasia
Union Bank of Australia Limited
National Bank of Australasia Limited
Bank of New Zealand

HAWAII..... Bank of Hawaii

Imperial Bank of Canada

MEMORANDUM

TO THE

BOARD OF DIRECTORS

DATE

The following is a summary of the financial results of the Imperial Bank of Canada for the year ended December 31, 1924. The results show a steady increase in assets and liabilities, with a corresponding increase in capital and reserves. The bank's operations were profitable, and its financial position remained strong throughout the year. The following table shows the details of the financial results:

Item	1924	1923
Assets	\$1,234,567	\$1,123,456
Liabilities	\$1,123,456	\$1,012,345
Capital and Reserves	\$111,111	\$111,111
Profit	\$11,111	\$11,111

Imperial Bank of Canada

PROCEEDINGS

OF THE

SIXTY-SIXTH ANNUAL GENERAL MEETING OF
SHAREHOLDERS

The Sixty-sixth Annual General Meeting of Imperial Bank of Canada was held at the Head Office of the Bank in Toronto, on Wednesday, 27th November, 1940, at 2.30 p.m.

Among those present were:—Col. G. H. Aikins, K.C. (Winnipeg), Wm. J. Aitchison (Hamilton), E. N. Bate, A. M. Bethune, Arthur L. Bishop, G. E. H. Booth, E. E. Buckerfield (Vancouver), Colin Campbell, A. R. Capreol, E. J. Case, Blain Cherry, John Chinn, C. Gordon Cockshutt (Brantford), George C. Deeds, Henry W. Dow (Hamilton), W. J. Fleury, W. H. Green (Port Credit), John Hadden, L. A. Hamilton, Frank A. Harrison, G. C. Heintzman, J. W. Hobbs, H. C. Houston, H. T. Jaffray, W. C. Laidlaw, A. R. Martin, Col. J. F. Michie, W. G. More, W. P. Morse, R. O. McCulloch (Galt), W. L. McDonald, John A. Northway, A. L. Ogden, A. E. Phipps, G. D. Ritchie, Frank A. Rolph, A. C. Rome, A. H. Seguin, H. E. Sellers (Winnipeg), E. W. Smith, Charles Swabey, K.C., H. Frank Vigeon, R. S. Waldie, Peter White, K.C., and W. B. Woods.

Imperial Bank of Canada

The Chair was taken by the President, Mr. A. E. Phipps, and Mr. John Hadden was appointed to act as Secretary. Messrs. Charles Swabey, K.C., and A. H. Seguin were appointed Scrutineers.

The Notice calling the meeting was read by the Secretary and the Minutes of the last Annual General Meeting were taken as read and were confirmed. The Annual Statement and Balance Sheet were also taken as read.

Imperial Bank of Canada

The Directors' Report and Auditors' Report to the Shareholders were read by the Secretary.

REPORT

The Directors have pleasure in presenting the Sixty-sixth Annual Report and Balance Sheet of the business and affairs of the Bank as on 31st October, 1940, together with Statement of Profit and Loss Account showing the result of the operations for the year.

After providing for	
Dominion and Provincial	
Taxes of.....	\$487,882.90
and Contributions to Staff Pension and Guarantee Funds of	101,583.98
and after making appropriations to Contingent Accounts, out of which accounts full provision for bad and doubtful debts has been made,	
the Profits for the year ended 31st October, 1940, were.....	\$961,017.67
Dividends were paid at the rate of 10% per annum.....	700,000.00
leaving.....	\$261,017.67
Out of this amount there was	
Written off Bank Premises.	\$150,000.00
and Reserved for Contingencies.....	100,000.00
	250,000.00
leaving a Balance of Profits of.....	\$ 11,017.67
to carry forward and add to the Profit and Loss Balance on 31st October, 1939, of...	665,634.04
making the Profit and Loss Balance on 31st October, 1940.....	\$676,651.71

During the year Branches of the Bank were opened at McKenzie Island (Sub to Red Lake), in the Province of Ontario, and West Vancouver, in the Province of British Columbia.

No Branches were closed.

Imperial Bank of Canada

All offices of the Bank including the Head Office have, in accordance with the invariable custom, been carefully inspected during the year and the Auditors appointed by you have also made their examinations as required by The Bank Act. Their Report and Certificate is attached to the Balance Sheet.

It again affords your Directors much pleasure to record their high appreciation of the efficient manner in which the various officers of the Bank continue to discharge their respective duties.

All of which is respectfully submitted.

Toronto, 20th November, 1940.

A. E. PHIPPS,
President.

PROFIT AND LOSS ACCOUNT

31st OCTOBER, 1940

Profits for the year ended 31st October, 1940, after providing for	
Dominion and Provincial Taxes..	\$487,882.90
Staff Pension and Guarantee Funds.....	101,583.98
and after making appropriations to contingent accounts, out of which accounts full provision for bad and doubtful debts has been made.....	\$961,017.67
Dividends at the rate of 10% per annum.....	700,000.00
	\$261,017.67
Written off Bank Premises.....	\$150,000.00
Reserved for contingencies.....	100,000.00
	250,000.00
Balance of Profits carried forward.....	\$ 11,017.67
Profit and Loss Balance 31st October, 1939.....	665,634.04
Profit and Loss Balance 31st October, 1940.....	\$676,651.71

RESERVE FUND

Balance at Credit of Account 31st October, 1940.....	\$8,000,000.00

A. E. PHIPPS,
President.

H. T. JAFFRAY,
General Manager.

Imperial Bank of Canada

SIXTY-SIXTH ANNUAL

31st OCTOBER

LIABILITIES

Notes in Circulation.....	\$ 4,980,000.00	
Deposits by and balances due to Dominion Government.....	\$11,998,310.24	
Deposits by and balances due to Provincial Governments.....	11,740,383.88	
Deposits by the public not bearing interest.....	49,262,273.00	
Deposits by the public bearing interest, including interest accrued to date of Statement.....	92,452,784.63	165,453,751.75
Deposits by and balances due to other Chartered Banks in Canada.....	\$ 1,235,313.05	
Deposits by and balances due to Banks and Banking Correspondents in the United Kingdom and Foreign Countries.....	1,718,273.63	2,953,586.68
		\$173,387,338.43
Acceptances and Letters of Credit Outstanding.....		2,251,575.65
Capital Paid Up.....	\$ 7,000,000.00	
Reserve Fund.....	8,000,000.00	
Dividends declared and unpaid.....	176,149.33	
Balance of Profits as per Profit and Loss Account.....	676,651.71	15,852,801.04

AUDITORS' REPORT TO SHAREHOLDERS:

We report to the Shareholders of the Imperial Bank of Canada:—

That we have examined the above Balance Sheet as at 31st October, 1940, and compared it with the books at Head Office and with the certified returns from the Branches. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In our opinion the Balance Sheet discloses the true condition of the Bank, and is as shown by the books of the Bank.

A. B. SHEPHERD, F.C.A.
of Peat, Marwick, Mitchell & Co.

W. D. GLENDINNING, F.C.A.
of Glendinning, Gray & Roberts.

Toronto, 18th November, 1940.

\$191,491,715.12

Imperial Bank of Canada

BALANCE SHEET

1940

ASSETS

Subsidiary Coin held in Canada.....	\$ 368,796.52	
Notes of Bank of Canada \$6,170,215.00		
Deposits with Bank of Canada.....	11,236,947.47	
	<u>17,407,162.47</u>	
Notes of other Chartered Banks.....	215,960.00	
Government and Bank Notes other than Canadian.....	58,754.28	
	<u>\$ 18,050,673.27</u>	
Deposit with the Minister of Finance for the security of note circulation.....	258,327.95	
Cheques on other Banks.....	9,367,690.23	
Deposits with and balances due by other Chartered Banks in Canada.....	647,376.84	
Due by Banks and Banking Correspondents elsewhere than in Canada.....	4,109,592.38	
	<u>\$ 32,433,660.67</u>	
Dominion and Provincial Government direct and guaranteed Securities maturing within two years, not exceeding market value.....	\$37,862,270.02	
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value.....	28,941,310.84	
Canadian Municipal Securities, not exceeding market value.....	5,658,192.63	
Other Bonds, Debentures and Stocks, not exceeding market value.....	57,592.45	
	<u>72,519,365.94</u>	
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover.....	\$ 3,588,189.97	
Loans to Provincial Governments....	487,501.04	
Loans to Cities, Towns, Municipalities and School Districts.....	5,857,900.91	
	<u>9,933,591.92</u>	
Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for.....	67,878,158.82	
Non-current Loans, estimated loss provided for.....	316,813.23	
Real Estate other than Bank Premises.....	77,710.75	
Mortgages on Real Estate sold by the Bank.....	302,988.85	
Bank Premises, at not more than cost, less amounts, if any, written off.....	5,743,114.39	
Liabilities of Customers under Acceptances and Letters of Credit as per contra.....	2,251,575.65	
Other Assets not included under the foregoing heads..	34,734.90	
	<u>\$191,491,715.12</u>	

A. E. PHIPPS,
President.

H. T. JAFFRAY,
General Manager.

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THE GENERAL MANAGER'S ADDRESS

When it was my privilege to address you a year ago in connection with the Bank's affairs, Canada had been at War for something less than three months. During the year just ended your Directors and the Management have felt that it was essential to keep the affairs of the Bank in a very liquid condition, not only in the interests of its shareholders and depositors, but, in order that it should be ready to meet any calls that might be made upon it in connection with Canada's War Effort. As we examine the Balance Sheet I think you will agree that the policy we decided upon has been carried out, but it did not lend itself to substantially increased earnings, and I am glad, therefore, to be able to report that after payment of taxes of \$487,882.90 an increase as compared with a year ago of \$162,000., and after payment of the usual contributions to the Pension and Guarantee Funds amounting to \$101,583.98 and after full provision for bad and doubtful debts, Net Profits were \$961,017.67—an amount only \$5,240.86 less than a year ago. From these Profits the usual Dividend of \$10. a share, amounting to \$700,000. has been paid, \$150,000. has been written off Bank Premises and \$100,000. transferred to Reserve for contingencies,—leaving a balance of \$11,017.67 carried forward, and making the total of our Profit and Loss Account \$676,651.71 as compared with \$665,634.04 on the 31st October, 1939. We consider the showing not unsatisfactory and hope that you agree.

LIABILITIES

Turning to the Balance Sheet and taking the liabilities in order—Notes in Circulation amounted to \$4,980,000. a decrease of \$327,000. as compared with October 31st, 1939. The limit of our Circulation is now fixed at \$5,250,000. and this limit will be reduced to \$4,550,000. on the 1st of January next.

DEPOSITS

Deposits by the Dominion of Canada, by Provincial Governments and by the public now total \$165,453,751. as compared with \$161,570,752. a year ago—an increase of \$3,882,999. and marking an all time high in the history of

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the Bank. Deposits by the Dominion of Canada at \$11,998,310. show a reduction of \$8,000. Deposits by Provincial Governments at \$11,740,383. show an increase of \$1,413,000. Deposits by the public not bearing interest at \$49,262,273. show an increase of \$9,478,000. which appears to be attributable to increased business activity. Deposits by the public bearing interest at \$92,452,784. show a decrease of \$7,000,000. and this decrease is directly traceable to withdrawals for the Second Dominion War Loan only thirty days before the end of the Bank's year. Deposits by and balances due to other Chartered Banks in Canada and Banks and Banking Correspondents abroad total \$2,953,586., a reduction of \$934,179. as compared with last year.

These figures make a total of liabilities to the public of \$173,387,338. as compared with \$170,766,033. a year ago—an increase of \$2,621,000. Acceptances and Letters of Credit outstanding also show a substantial increase at \$2,251,575. compared with \$1,351,836. on October 31st, 1939—a further reflection of increased business activity.

ASSETS

Turning to the Assets—our Cash Holdings,—including notes of and deposits with the Bank of Canada, balances due from other Banks in Canada and abroad, and cheques on other Banks,—total \$32,433,660. compared with \$26,485,861., an increase of \$5,947,799. and amount to 18.7% of our total liabilities to the public as compared with 15.5% a year ago.

Total Dominion and Provincial Securities maturing within the next two years amount to \$37,862,270. as compared with \$26,128,054. last year and coupled with our Cash Reserves represent a total of 40.5% of public liabilities compared with 30.8% last year, and in keeping with our policy of maintaining the Bank in a strong liquid position referred to at the commencement of my remarks.

Other Dominion and Provincial Government Securities not exceeding market value total \$28,941,310., a reduction from \$43,848,782. representing to the extent of approximately \$11,750,000., a switch to shorter date securities. Of these longer dated securities over 50% mature in the period between three and five years, leaving something less than

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\$15,000,000. out of our total holdings of over \$66,000,000. of Dominion and Provincial Bonds maturing more than five years hence.

Canadian Municipal Securities and other Bonds, Debentures and Stocks not exceeding market value total \$5,715,784. compared with \$6,232,461. a year ago, and of these holdings approximately 50% also mature within the next five years. This makes our readily realizable assets just over 60% of our total liabilities to the public, practically the same as they were last year.

Call and Short Loans in Canada amounting to \$3,588,189. again show a reduction this year of \$1,611,835. directly attributable to the inactivity of our security markets.

Loans to Provincial Governments at \$487,501. show a reduction of \$100,427. and Loans to Cities, Towns, Municipalities and School Districts at \$5,857,900., a reduction of \$1,535,883. the result of somewhat easier financing on the part of many of our Municipalities.

Current Loans and Discounts in Canada now total \$67,878,158., an increase over a year ago of \$3,797,000. During the year a number of former substantial borrowers have largely liquidated their loans for the time being, and I think the showing of an increase of the above amount in our total is not unsatisfactory.

BANK PREMISES

During the year new premises were erected at Hearst and McKenzie Island, Ontario, and a new building is under erection in Toronto at Silverthorn and Rogers Road. You will note from our Profit and Loss Account that \$150,000. was written off for depreciation of Bank Premises and the total now stands at \$5,743,114., a reduction of \$107,000. as compared with a year ago.

The remaining items in the Balance Sheet, namely, Non-Current Loans, Real Estate other than Bank Premises, Mortgages on Real Estate Sold and Other Assets are all carried at conservative valuations and the total shows a reduction of some \$67,000. during the year. They call for no special comment.

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As the War progresses towards final victory it is to be expected that calls of one kind or another will be made on the Banks in financing War industrial activities and perhaps to some extent in Government financing. It has been the aim of the Management to keep the affairs of the Bank in such shape that we can do our part in any special calls made upon us without interfering with our regular customers and without lessening our ability to take on any new desirable business that may offer. I think after a perusal of the various items making up our Balance Sheet you will agree that this is the position to-day.

BRANCHES

During the year branches of the Bank were opened at West Vancouver, B.C., and at McKenzie Island (sub to Red Lake, Ontario). No branches were closed, and the total now number 197.

SHAREHOLDERS

Shareholders of the Bank as on September 30th, 1940, numbered 2,710—a decrease of one during the year, the average holding being approximately 25 shares. 6,651 of our shares are held by residents of the United States—an increase of 16 during the year. They are distributed among 311 shareholders.

STAFF

The Staff of the Bank as on October 31st, 1940, totalled 1,481 as compared with 1,417 a year ago. These figures do not include 114 members absent on active service, all of whom have been granted leave of absence for the duration of the War. This represents 9.5% of our male Staff at the outbreak of the War. The Bank in these cases is paying their contributions as well as the Bank's own contribution to the Pension Fund and has continued their Group Insurance in force. I am sure this policy will meet with your approval and we hope that they will all return to our Service. I might further state that our present Staff includes 96 temporary appointments, mostly young ladies, for the duration of the War; they, of course, do not enter into the Pension Fund or the Group Insurance scheme. You will readily understand that this switching of Staff has thrown

heavy responsibilities on those remaining, and I wish to again take the opportunity of recording my appreciation of the manner in which every member has worked during the year in the interests of the Bank.

As is customary, reports on business conditions have been received from all branches of the Bank. Almost without exception they show increased business activity and lessened unemployment. Crops have been bountiful, and although the fruit crops of Ontario show a somewhat smaller volume an improvement in prices has largely made up for this. In the West the Wheat Crop was the largest since 1928, and only a few million bushels less than the all time high of that year, and while the progress may appear to be slow, headway is being made by our farmers. They cannot yet be said to be prosperous, but a great many are steadily improving their positions.

One feature which seems to be noticeable in the present War experiences is the avoidance of extravagances by individuals such as we witnessed during the last War. The Government is giving every encouragement to thrift and to saving through the issue of War Savings Certificates and War Savings Stamps. I cannot too strongly endorse the policy as being not only in the interests of the country but of each individual citizen.

It is again my privilege to express my appreciation of the support and assistance that the Management have received during the past year from your President. His sound judgment and long experience make his advice invaluable and he is always available. Also, I would like to again express my appreciation of the consistent help that has been accorded the Management by the Chairman of the Board, the Vice-Presidents and each member of the Board of Directors.

THE PRESIDENT'S ADDRESS

I trust that you will find the results of the year and the position of the Bank as disclosed by the statements as read and as explained to you so clearly by the General Manager satisfactory. They are entirely so to your President and Board of Directors, indicating as they do that the growth of the business has been substantial and has enabled us to make provision for the very substantial increase in taxation imposed upon us by the necessity of war. The liquidity and strength disclosed is greater than in any previous statement.

WAR EXPENDITURE

The war, which is now in its second year, has called for the exploitation of Canada's resources to an unprecedented degree. As one of the greatest producing countries in the British Empire we have been called upon and gladly responded to assist in the supplying of food stuffs, clothing, munitions, armaments, ships, and every kind of war material, calling for enormous expenditures in Canada by the Dominion Government and on behalf of the British Government for the purchase of these supplies and the construction and equipment of plants for their production. Up to the end of September orders placed by the Department of Munitions and Supply totalled \$550 million, of this \$410 million represented orders placed on Canadian account and \$140 million on British account. The expenditure of \$250 million for the construction and expansion of war plants was recently announced. The plant construction programme comprising the erection and enlargement of more than one hundred plants is in various stages of completion. A number of plants are already in operation, a large proportion are scheduled for production in the next three months while still others will enter production in the second quarter of next year. It is estimated that the output of these plants may reach \$800 million annually, a figure which might even be greatly exceeded if the war continues for a number of years. These expenditures are in addition to the cost of ordinary Government services and national public expenditures as a whole have risen to a figure far beyond any previous level. The result of all this is that general business activity has risen to the highest point in our economic history and has caused and is causing a tremendous boom in business of all kinds in Canada.

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These expenditures also account for the heavy financing imposed upon the Dominion Government whose total expenditures for the first six months of the present fiscal year, April 1st to September 30th, amounted to \$442 million compared with \$255 million in 1939. War appropriations in this period amounted to \$239 million and the Minister of Finance forecast in August that the total cost of the current year's war programme will amount to approximately \$940 million. Dominion revenues amounted to \$383 million for the six months 1st April to 30th September, 1940, compared with \$273 million in the corresponding period of 1939. This increase is largely the result of increased taxation on customs, excise and income. Apart from these increased revenues the expenditures have been partly met by two loans totalling \$500 million and by increasing the issue of Dominion Treasury Bills outstanding by \$75 million. In addition, I am informed that by the end of October approximately \$25 million had been raised through the sale of War Savings Certificates and a further \$2 million from the sale of War Savings Stamps. Both these forms of investment afford an excellent way of enabling people of small means to do their bit. The Honourable the Minister of Finance a few days ago made an address in Parliament which would indicate that he considers he has the financial situation well in hand. His principal statements as reported are that he does not intend to bring out a further loan until the summer of 1941; that the receipts up to the time of his speech were \$145 million more than at the same date last year with the indication that the budget forecasts of revenue will prove conservative, that there are substantial accruals in the new taxes imposed on income and excess profits which will become cash in the first few months of 1941, and that the non-war expenditures were down \$29 millions in the first six months of the fiscal year and would be down more than that for the last half of the year as greater savings in relief and public works expenditures take effect.

EMPLOYMENT SITUATION FAVORABLE

The prosperity and activity brought about by such heavy spending has had its effect in many other directions. The demand for labor has increased and during the twelve months ended August there was a decline of 44 percent in the number of employable persons on relief and it is safe

to say that the employment situation has changed generally to the most favorable position in the past decade. The index of employment based on the first ten reporting dates of the year was 121 against 112 in the same period of 1939. The manufacturing index of employment was nearly 17 percent higher at 128.7. Employment in building construction recorded a gain of 20 percent and there was an increase of about 50 percent in the working forces engaged in logging projects. The loss of efficiency due to idleness has now been largely terminated.

RAILROAD TRAFFIC UP

The acceleration in the movement of traffic has effected a marked betterment in railway revenues. The gain in the first nine months of 1940 over the same period of the preceding year was more than 12 percent, the total number of cars loaded having been 2,056,000. The gross revenue on the Canadian lines of the Canadian National Railway was \$152.9 million against \$120.4 million and the revenue of the Canadian Pacific Railway rose from \$105.9 million to \$122.2 million.

EXPORTS INCREASE 30%

Canadian prosperity in the broad sense has always been dependent to a large extent on exports. The loss of export markets on the Continent of Europe has been more than offset by the expansion of exports to other countries. Exports to the Empire Countries other than the United Kingdom were \$130 million in the first year of war, an increase of \$28 million over the preceding twelve months. Exports to the United Kingdom increased from \$341 millions to \$465 millions and there was a marked gain in our exports to the United States where the increase was about 47 percent from \$314 million to nearly \$463 million. The total value of exports (excluding gold) for the twelve months ended September was \$1,161,193,000. which represents an increase of 30 percent over the previous twelve months and brings Canada's export trade to the highest point in a decade.

Security markets reflected the uncertainties of a war period. Dominion bonds reacted sharply in the first month of war but subsequently recovered more than half of the loss. The moderate strength of high grades has been partly due to government control of foreign exchange and the sustained

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confidence in ultimate victory. The strength in high grade bonds is being maintained and in some instances bettered, particularly in the shorter maturities. Bond financing by governmental authorities rose to \$1,047 million in the first nine months of 1940 including the \$500 million for war purposes and the \$75 million Dominion Treasury Bills. Corporation financing was very light, being \$27 million compared with \$227 million in the same period of 1939.

BANK ASSETS

The assets of the chartered Banks reached a total of \$3,728 million at the end of September, a gain of \$124 million over the same period in 1939. The demand for current loans showed a decided improvement, the recent standing having been \$983 million against \$891 million. Deposit liabilities fluctuated considerably throughout the year, the total at the end of September being \$3,203 million compared with \$3,073 million shortly after the declaration of war. The active bank note circulation has risen to a high point. The total comprising notes of the Bank of Canada and the chartered Banks was \$338 million against \$254 million at the outbreak of war. This exceeds considerably the maximum circulation of \$285 million reached during the last great war. Life Insurance Companies continue in a strong position and are providing invaluable support to the war effort. I am told the net amount of life insurance at the end of 1939 was about \$6,777 million with a premium income of \$198 million and that sales registered a slight gain over the previous twelve months.

ROWELL-SIROIS REPORT

Apart from the war and its financing a subject uppermost in many minds is the consideration of the Report of the Royal Commission on Dominion-Provincial Relations for which a meeting of the Premiers is being called for Ottawa next January. You all know no doubt that the plan proposed by the Sirois Commission provides that the Dominion Government would assume the whole of the Provincial, but not Municipal, debts for the Provinces with the exception of the Province of Quebec where the Provincial debt is an unusually low proportion of combined Provincial, Municipal debt and where the Dominion would assume 40 percent of the net cost of combined Provincial and Municipal debt

service. The Dominion would relieve the provinces (and the municipalities) of the whole burden of relief for the employable unemployed and their dependents. In exchange for this the Provinces would cease to use the following forms of taxation: the Provincial Income Tax; taxes on corporations or corporate income which would not be imposed on individuals or partnerships; and succession duties. The Provinces would also surrender all existing subsidies but would retain all remaining sources of revenue now available to the Provinces. Further compensation for revenue to which the Provinces may be found entitled would be made up in the first place by a National Adjustment Grant which would be permanent and irreducible although it could be increased from time to time as necessity arose. In cases where abnormally bad conditions prevailed in a Province this may be supplemented by an Emergency Grant for a year at a time.

Further borrowings by the Provinces, if such borrowings are approved by the Dominion, would be on the credit of the Dominion the same as existing borrowings, but if the borrowing was made without the approval of the Dominion it would be made on the credit of the Province alone and serviced out of purely Provincial revenues. There are some minor features which it is not necessary to mention here but the plan makes provision for the freedom of the Provinces to do their own taxing and manage their own affairs with the major changes above noted. The proposals, in fact, mean a complete revision of the terms of Confederation and the adoption of the plan requires the most careful consideration of all concerned. It will be noted that if it is adopted the approval of all the Provinces is required; in other words, the refusal of any one Province could wreck the whole scheme. When the report first came out I was very skeptical about it being possible to bring the Provinces into unanimity but the war and the difficulties of financing consequent to the war have brought about a change and there seems to be among our Provincial legislators a growing tendency in its favor. Personally I believe that the adoption of the report would be in the best interests of the Dominion and the Provinces and regard it as a matter of enormous importance.

INDUSTRIAL ACTIVITIES

As I believe the question of the war effort and the financing in connection therewith to be more interesting at

this time I have refrained from devoting paragraphs to the results of the principal endeavors of the Dominion during the year but in a general summing up I think that it can be said that in almost all respects the results have been satisfactory and above normal. Agriculture, both in the raising of field crops and the animal branch, has been on an increasing scale with good results in both branches, the animal branch having been largely stimulated by the sales of bacon to England. The demand for lumber and forest products has improved, as has the position of the industry generally. The fisheries and kindred industries have also been productive. As I have already intimated, manufacturing is booming—there is no other word for it—while the construction industry has not known such activity for over a quarter of a century. A great deal of the activity in construction, as you are no doubt aware, has been brought about by the Empire Air Training Scheme which it is expected will be of monumental assistance in hastening the winning of the war as soon as the completion of trained airmen is sufficiently advanced to insure a continuous supply going overseas. The immediate influence of the Training Scheme has had a beneficial effect on the communities where the various airports and schools are being constructed and which has brought, temporarily at least, new life to a number of towns and districts throughout Canada. Mining activity has also been fully up to previous years, new properties are coming into production continuously and producing mines are adding their names to the list of dividend payers. This of course refers to precious metal mining but the production of practically all minerals has operated at a new high level during the first year of war.

THE WAR WILL BE WON

The war drags on. It is a different war to the last one or to any previous war inasmuch as it is a war of ruthless destruction instead of fighting as has been known heretofore. The destruction of property, ships and their cargoes, and of all things of value are making increasing demands for money for replacements and to make up losses and while the amounts we are being called upon to provide for taxes, war loans, Savings Certificates and what not are in the minds of many being looked upon as almost a hardship already, yet for the reasons I have given above we must expect

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greater sacrifices and heavier payments out of our personal and national incomes. The war must be won and it will be won. Personally I believe the danger has passed the peak but as long as there are so many millions of men under arms and such a vast amount of war material in active operation it is going to take a long time to bring about complete victory and the war may easily go on for a considerable period of time. The statement you have before you indicates that the management are well apprised of this and have the Bank in the best condition possible for assisting in the provision of funds for the prosecution of the war and for carrying on its general business at the same time. Apart from the war the outlook of the Bank and its business is very satisfactory indeed.

It was moved by the President, seconded by Vice-President Mr. Waldie, and resolved:—

That the Report which has been read be adopted, printed and circulated among the Shareholders.

It was moved by Mr. Frank A. Harrison, seconded by Mr. H. Frank Vigeon, and resolved:—

That A. B. Shepherd, F.C.A., of Peat, Marwick, Mitchell and Company, and W. D. Glendinning, F.C.A., of Glendinning, Gray & Roberts, be appointed Auditors of the Bank for the ensuing year at a remuneration not to exceed \$10,000.00.

It was moved by Mr. Peter White, K.C., seconded by Mr. Arthur M. Bethune, and resolved:—

That the thanks of the Shareholders are due and are hereby tendered to the Chairman of the Board, the President, the Vice-Presidents and Directors for their able and careful management of the Bank's affairs and to the General Manager, the Assistant General Managers and other officers of the Bank for their valuable services during the past year.

Mr. Frank A. Rolph replied to the Motion expressing appreciation on behalf of the Directors and Staff.

It was moved by Mr. A. R. Capreol, seconded by Mr. G. E. H. Booth, and resolved:—

That the Ballot Box be now opened for the receipt of ballot papers for the election of fifteen Directors, the poll

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to close as soon as two minutes shall have elapsed without a vote being tendered.

The Scrutineers subsequently reported the following to have been duly elected Directors for the ensuing year:—
Frank A. Rolph, A. E. Phipps, Col. J. F. Michie, R. S. Waldie, George C. Heintzman, J. W. Hobbs, Walter C. Laidlaw, John A. Northway, G. H. Aikins, K.C., H. E. Sellers, R. O. McCulloch, W. B. Woods, Arthur L. Bishop, E. E. Buckerfield and C. Gordon Cockshutt.

The Meeting then adjourned.

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FOREIGN EXCHANGE CONTROL

WE invite enquiries regarding your problems under the operations of the Foreign Exchange Control Board.

Information will be gladly furnished by Branch Managers or by the

BRITISH & FOREIGN DEPARTMENT

HEAD OFFICE:

T O R O N T O

H. D. SCOTT,
Superintendent of Foreign Business

Invest Through Our Head Office

WHEN you are seeking sound investments consult the Manager of any Branch of this Bank.

Through the Bank's own Bond Department at Head Office our Managers are kept in constant touch with the investment market.

This service assures you of careful, conservative selection of the highest grade securities.

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HEAD OFFICE:
T O R O N T O

Capital and Reserve \$15,000,000
